

I. The Record Supports Emergency Funds for Puerto Rico

Neptuno Media, Inc. (“Neptuno”) asks the Commission to consider establishing “emergency funding programs to assist small providers in the aftermath of crippling national disasters.”³ The company states that it has spent millions of dollars keeping its network running on backup generators and in consumer credits, which has “pushed Neptuno’s financial resources to the brink.”⁴ In addition, due to the costs of rebuilding more resilient telecommunications in an island, Neptuno asks the Commission to dedicate additional resources to Puerto Rico beyond those assigned under the Connect America Fund program.⁵

The Puerto Rico Telecommunications Regulatory Board (“Board”) indicates that Puerto Rico is particularly deserving of a new support mechanism, noting the high transportation costs, mountainous terrain, tropical storms, challenging economy, and poverty level in Puerto Rico.⁶ Although PRTC does not have the details of any Board proposal for a new support mechanism and, therefore, is unable to comment on any such proposal, PRTC has long stressed the unique and significant logistical, climatological, geographic and economic challenges of deploying service in Puerto Rico that contribute to very high deployment costs.⁷

³ Comments of Neptuno Media, Inc. at 11.

⁴ *Id.* at 11.

⁵ *Id.* at 11-12.

⁶ Comments of Puerto Rico Telecommunications Regulatory Board at 10-11, 14.

⁷ *E.g.*, Comments Puerto Rico Telephone Company, Inc., WC Docket No. 10-90 (filed Apr. 28, 2017); See *e.g.*, Comments of Puerto Rico Telephone Company, Inc., WC Docket No. 10-90 (filed Apr. 28, 2017); Comments of Puerto Rico Telephone Company, Inc., WC Docket No. 10-90 (filed Jan. 7, 2014); Comments of Puerto Rico Telephone Company, Inc., WC Docket No. 10-90 (filed Mar. 11, 2013); Comments of Puerto Rico Telephone Company, Inc., WC Docket No. 10-90; and WC Docket No. 05-337 (filed July 9, 2012); Comments of Puerto Rico Telephone Company, Inc., WC Docket Nos. 10-90, 07-135, 05-337, 03-109; GN Docket No. 09-51; and CC Docket Nos. 01-92 and 96-45 (filed Aug. 24, 2011); Comments of Puerto Rico Telephone Company, Inc., WC Docket No. 10-90; GN Docket No. 09-51; and WC Docket No. 05-337 (filed July 12, 2010); Comments of Puerto Rico Telephone Company, Inc., WC Docket No. 08-4 (filed Feb. 19, 2008); Comments of Puerto Rico Telephone Company, Inc., GN Docket No. 07-45 (filed May 16, 2007).

Public Knowledge (“PK”) asks the Commission to “consider establishing a special universal service fund for emergency maintenance of communications infrastructure.”⁸ PK notes that the \$76.9 million in advance funds from the Universal Service Fund’s high-cost program is similar to the aid offered by Chairman Martin after Hurricane Katrina, although “the damage caused by Hurricane Maria is unprecedented and will require additional funds and resources to restore.”⁹ PK also states the Commission should consider “whether a permanent fund would be useful so that carriers and their customers can reliably count on funds being available rather than require the FCC to evaluate whether to make an appropriation on a case-by-case basis.”¹⁰

Hughes Network Systems, LLC (“Hughes”) states additional incentives are needed to build out and maintain resilient communications infrastructure, and that “this is where the government should step in to help support on-going network resiliency.”¹¹ Specifically, Hughes states that “the government must ensure that adequate funding resources are available to ensure that critical infrastructure and facilities have access to the tools they need to keep communications up and operational during even the worst disasters.”¹²

PRTC agrees with these commenters that additional funding is urgently needed in Puerto Rico. As noted in the *USF Emergency Petition*, PRTC lacks financial resources to rebuild its telecommunications infrastructure.¹³ In the fourth quarter of 2017 alone, PRTC experienced a 16.1 percent revenue drop due to the extraordinary expenses related to the reconstruction and

⁸ Comments of Public Knowledge at 7-8.

⁹ *Id.*

¹⁰ *Id.*

¹¹ Comments of Hughes Network Systems, LLC at 9.

¹² *Id.* at 10.

¹³ *See USF Emergency Petition* at 5.

operation of our networks since the hurricane, further straining its limited financial resources.¹⁴ The economic conditions in Puerto Rico are such that, without emergency funding relief, the territory may not be able to rebuild its telecommunications infrastructure, much less design facilities that are able to withstand future hurricanes and tropical storms.

II. Proposed USF Emergency Fund

As noted in the *USF Emergency Petition*, the mechanics of the funding mechanism could take a variety of forms. However, PRTC recommends that the USF Emergency Fund be capped at \$200 million for Puerto Rico, which could be distributed either (a) based on a percentage of the consumer service disruption credits provided by facilities-based ETCs to end user customers in Puerto Rico; or (b) in proportion to the total number of lines each facilities-based ETC restores during a given period of time.¹⁵ PRTC also recommends that funding be made available monthly on a declining basis of \$80 million, \$60 million, \$40 million, and \$20 million over the next four months.¹⁶

As explained in the *USF Emergency Petition*, PRTC believes that the creation of the proposed USF emergency fund is not only within the Commission's legal authority, but also an administratively efficient way to facilitate restoration of service in insular areas affected by Hurricanes Irma and Maria.¹⁷ PRTC urges the Commission to grant the *USF Emergency Petition*.

¹⁴ América Móvil's Fourth Quarter of 2017 Financial and Operating Report at 6, Feb. 13, 2018, available at http://www.americamovil.com/sites/default/files/2018-02/4Q17_1.pdf (last visited Feb. 16, 2018) ("Our consolidated figures reflect the major loss of revenues in Puerto Rico, -16.1% year-on-year, in the aftermath of the hurricane that battered the island in September. The revenue decline, mostly to do with the lack of electrical power throughout the island and its impact on fixed-line telephony, resulted in an even greater drag on consolidated EBITDA, as that operation's EBITDA margin plummeted to -3.5% in the fourth quarter from 21.6% in the second one.").

¹⁵ *USF Emergency Petition* at 8-9.

¹⁶ *Id.* at 9.

¹⁷ *Id.* at 9-10.

Francisco J. Silva
Carlos D. Ruiz Mantilla
Puerto Rico Telephone Company, Inc.
P.O. Box 360998
San Juan, PR 00936-0998

February 21, 2018

Respectfully submitted,

/s/ Thomas J. Navin

Thomas J. Navin
Edgar Class
WILEY REIN LLP
1776 K Street, NW
Washington, DC 20006
(202) 719-7487

*Counsel for Puerto Rico Telephone
Company, Inc.*